

at the time the funds become subject to § 560.211 may continue to be held until maturity in the original instrument, provided any interest, earnings, or other proceeds derived therefrom are paid into a blocked interest-bearing account in accordance with paragraphs (a) or (f) of this section.

(f) Blocked funds held in accounts or instruments outside the United States at the time the funds become subject to § 560.211 may continue to be held in the same type of accounts or instruments, provided the funds earn interest at rates that are commercially reasonable.

(g) This section does not create an affirmative obligation for the holder of blocked tangible property, such as chattels or real estate, or of other blocked property, such as debt or equity securities, to sell or liquidate such property. However, the Office of Foreign Assets Control may issue licenses permitting or directing such sales or liquidation in appropriate cases.

(h) Funds subject to this section may not be held, invested, or reinvested in a manner that provides immediate financial or economic benefit or access to any person whose property and interests in property are blocked pursuant to § 560.211, nor may their holder cooperate in or facilitate the pledging or other attempted use as collateral of blocked funds or other assets.

§ 560.214 Expenses of maintaining blocked physical property; liquidation of blocked property.

(a) Except as otherwise authorized, and notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or contract entered into or any license or permit granted prior to the effective date, all expenses incident to the maintenance of physical property blocked pursuant to § 560.211 shall be the responsibility of the owners or operators of such property, which expenses shall not be met from blocked funds.

(b) Property blocked pursuant to § 560.211 may, in the discretion of the Office of Foreign Assets Control, be sold or liquidated and the net proceeds placed in a blocked interest-bearing ac-

count in the name of the owner of the property.

§ 560.215 Prohibitions on foreign entities owned or controlled by U.S. persons.

(a) Except as otherwise authorized pursuant to this part, an entity that is owned or controlled by a United States person and established or maintained outside the United States is prohibited from knowingly engaging in any transaction, directly or indirectly, with the Government of Iran or any person subject to the jurisdiction of the Government of Iran that would be prohibited pursuant to this part if engaged in by a United States person or in the United States.

NOTE TO PARAGRAPH (a) OF § 560.215: If a transaction is exempt from the prohibitions of this part if engaged in by a U.S. person, it would not be prohibited for an entity that is owned or controlled by a United States person and established or maintained outside the United States (a “U.S.-owned or -controlled foreign entity”) to engage in the transaction to the same extent that it would not be prohibited for the U.S. person to engage in the transaction and provided that the U.S.-owned or -controlled foreign entity satisfies all the requirements of the exemption. *See also* § 560.556 of this part for a general license authorizing a U.S.-owned or -controlled foreign entity to engage in a transaction otherwise prohibited by § 560.215 that would be authorized by a general license set forth in or issued pursuant to this part if engaged in by a U.S. person or in the United States, subject to certain exclusions. Finally, if a transaction prohibited by § 560.215 is one for which a U.S. person might apply for a specific license—for example, the exportation of medical devices to Iran—a U.S.-owned or -controlled foreign entity may apply for a specific license to engage in the transaction.

(b) *Definitions:* (1) For purposes of paragraph (a) of this section, an entity is “owned or controlled” by a United States person if the United States person:

(i) Holds a 50 percent or greater equity interest by vote or value in the entity;

(ii) Holds a majority of seats on the board of directors of the entity; or

(iii) Otherwise controls the actions, policies, or personnel decisions of the entity.